GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4828
ANSWERED ON:24.08.2001
FINANCIAL PACKAGE TO UTTARANCHAL
NARAYAN DATT TIWARI

Will the Minister of FINANCE be pleased to state:

(a) whether the newly created special category State of Uttaranchal is in dire need of a financial package for economic development keeping in view its special requirements;

(b) whether the Central Government are also considering to extend the Income-tax and Excise Relief Schemes to Uttaranchal like other Special Category States for encouraging Industrial Development; and

(c) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALA SAHEB VIKHE PATIL)

(a): Uttaranchal, after its creation on 09.11.2000, has been receiving funds from Government of India on both plan and non plan accounts. Financial needs of the States for their overall economic development are posed by the State Governments at the time of finalisation of their Annual Plans. Annual Plan of Uttaranchal for 2001-02 is yet to be finalised. However, Union Cabinet has approved granting of Special Category Status to Uttaranchal. This decision will be implemented after the same is approved by the National Development Council subsequent to which the State Government would receive Central Assistance for their Annual Plan in the shape of 10% loan and 90 % grant in place of 70% loan and 30% grant.

(b) & (c) : Section 80-IB of the Income Tax Act provides two tier tax holiday to industrial undertakings including cold storage plants set up in an industrially backward State as specified in the 8th Schedule of the Income Tax Act, or in notified industrially backward districts if these commence operation on or before 31.03.2002. All parts of Uttaranchal, except the districts of Nainital, Pauri, Udhamsinghnagar, Dehradun and Hardwar, are notified as industrially backward districts for purposes of this section.

As regards Central Excise Relief, there is no such proposal under consideration of the Government.